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DOWNTURN IN LAND VALUES MODERATES

U.S. farmland values declined again last year, but less than in the previous year. On February 1, 1987, the average value per acre stood at \$548, down 8 percent from a year earlier. Values dropped 12 percent in 1985. Real values, which are adjusted for inflation, also declined less than in 1985, because of the low rate of inflation in 1986. Real values fell 10 percent in 1986, compared with 14 percent in 1985. In nominal terms, farmland values have fallen 33 percent in the past 5 years, and in real terms, they reached their lowest level since the early 1960's.

Regionally, only the Northeast showed an increase in 1986. The largest declines occurred in the Lake States, where farmland values fell 15 percent, and the Delta, where they dropped 16 percent. In the Corn Belt and Northern Plains, which suffered severe losses in the past 5 years, declines appear to be moderating. Also, there are reports of stable values in some areas of the Corn Belt.

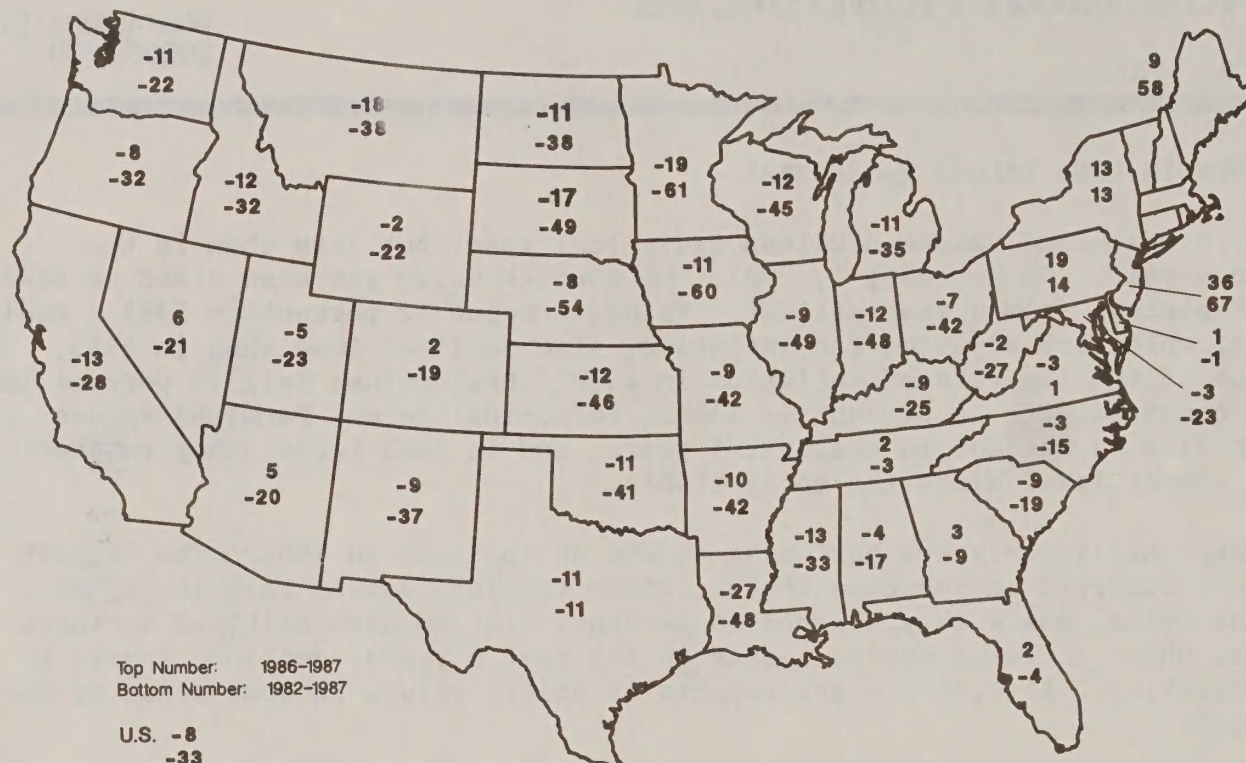
The continuing downturn in values reflects the large acreage of land offered for sale relative to demand, concern about lower crop prices, and uncertainty over farm programs. These factors tend to offset the effects of relatively high cash farm income, lower interest rates, and reduced operating expenses.

The U.S. average value of \$548 an acre includes all classes of farm and ranch land, from semi-arid rangeland to cropland, vineyards, and orchards located near urban areas and producing high-value farm products. State average values also encompass a wide variety of land classes. Values were highest in the Northeast, where they averaged more than \$1,000 per acre except in New York, and lowest in the Mountain States, where they averaged less than \$200 an acre in Montana, New Mexico, and Wyoming.

Cash rents declined in most major agricultural States. However, rents decreased less than the value of rented land, so that rent-to-value ratios remained high. For example, cash rents for Iowa cropland declined 8 percent from 1986 to \$80.29 per acre. But the value of rented cropland fell 11 percent, raising Iowa's rent-to-value ratio from 9.3 in 1986 to 9.8 in 1987. Competition among tenant farmers and part-owner operators for rented land may have prevented cash rents from falling further. Gross returns to rented cropland were above 9 percent in several midwestern States. In contrast, rents in the Northeast failed to keep pace with rising land values, causing rent-to-value ratios there to move lower.

This summary contains some of the farm real estate data most frequently requested from USDA. These tables and additional data will appear in "Agricultural Resources--Agricultural Land Values and Markets" to be published in late June.

Percent Change in Land Value Per Acre February 1986-1987 and February 1982-1987



Percent Change in Land Value Per Acre February 1986-1987, By Farm Production Regions

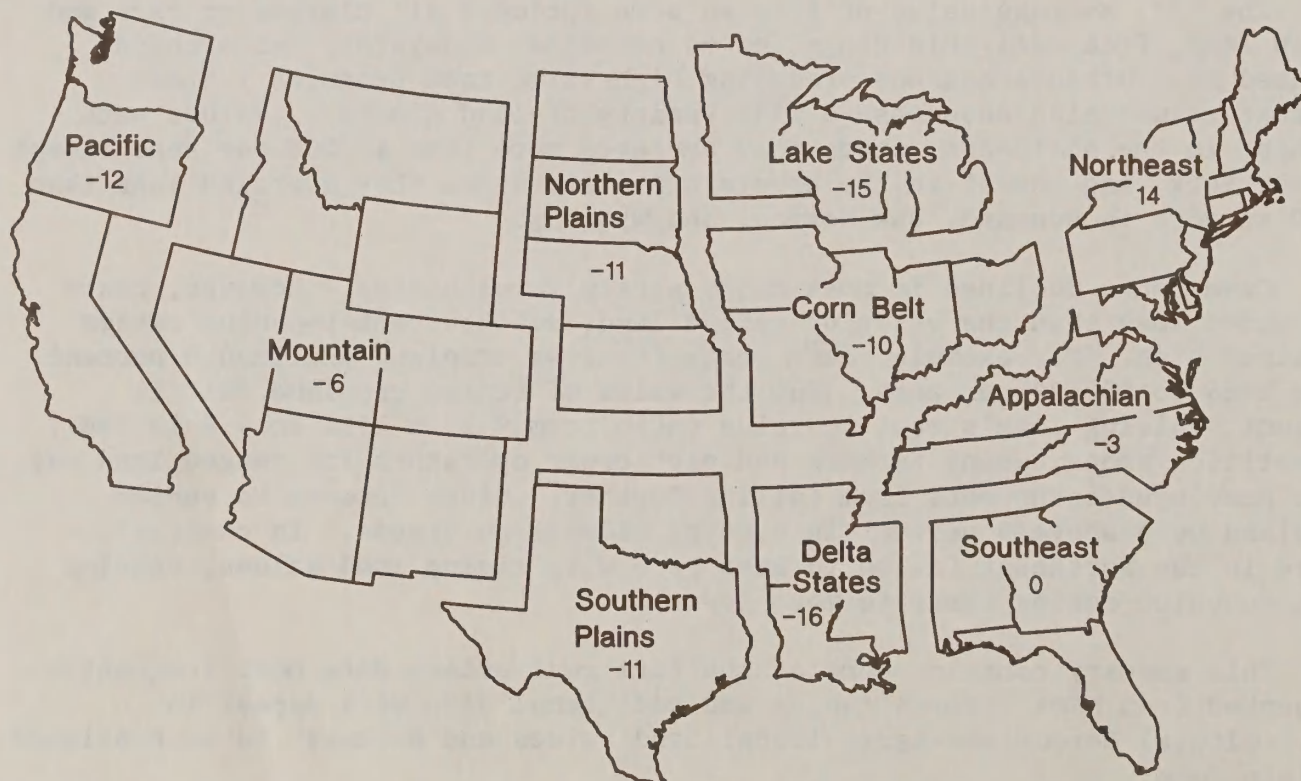


Table 1--Average value per acre of land and buildings, by State, grouped by farm production region, Feb. 1, 1980-81; April 1, 1982-85; and Feb. 1, 1986-87

State	1980	1981	1982	1983	1984	1985	1986	1987	Percent change 1986-87
Dollars									
Northeast									
Maine	594	642	680	708	750	856	993	1,082	9
New Hampshire	1,004	1,078	1,136	1,174	1,244	1,419	1,646	1,794	9
Vermont	721	774	815	842	893	1,017	1,180	1,286	9
Massachusetts	1,608	1,752	1,874	1,963	2,081	2,372	2,752	2,999	9
Rhode Island	2,523	2,646	2,729	2,760	2,926	3,335	3,869	4,217	9
Connecticut	2,387	2,517	2,610	2,655	2,814	3,208	3,721	4,056	9
New York	720	773	821	817	842	808	824	931	13
New Jersey	2,947	3,040	3,181	3,140	3,234	3,525	3,913	5,321	36
Pennsylvania	1,464	1,568	1,513	1,520	1,642	1,510	1,450	1,725	19
Delaware	1,798	1,928	1,787	1,829	1,866	1,642	1,757	1,775	1
Maryland	2,238	2,530	2,376	2,121	2,185	2,097	1,887	1,831	-3
Lake States									
Michigan	1,111	1,289	1,278	1,223	1,223	1,052	936	833	-11
Wisconsin	1,004	1,152	1,144	1,113	1,046	847	711	626	-12
Minnesota	1,086	1,281	1,272	1,165	1,083	823	609	493	-19
Corn Belt									
Ohio	1,730	1,831	1,629	1,504	1,444	1,126	1,013	942	-7
Indiana	1,863	2,031	1,804	1,610	1,594	1,259	1,058	931	-12
Illinois	2,041	2,188	2,023	1,837	1,800	1,314	1,143	1,040	-9
Iowa	1,840	1,999	1,889	1,684	1,499	1,064	841	748	-11
Missouri	902	990	945	856	856	659	606	552	-9
Northern Plains									
North Dakota	405	436	455	439	439	360	317	282	-11
South Dakota	292	329	349	348	338	250	215	178	-17
Nebraska	635	729	730	701	617	444	364	335	-8
Kansas	587	619	628	601	583	466	387	340	-12
Appalachian									
Virginia	1,028	1,118	1,096	1,125	1,114	1,091	1,146	1,111	-3
West Virginia	669	681	723	688	667	554	537	527	-2
North Carolina	1,219	1,340	1,297	1,314	1,380	1,242	1,130	1,096	-3
Kentucky	976	1,033	1,058	1,049	1,007	906	870	791	-9
Tennessee	976	1,070	1,040	1,014	1,044	982	992	1,012	2
Southeast									
South Carolina	900	972	980	946	927	899	872	794	-9
Georgia	896	971	926	929	910	865	822	846	3
Florida	1,381	1,565	1,518	1,576	1,608	1,527	1,435	1,464	2
Alabama	780	910	885	826	809	769	761	731	-4
Delta States									
Mississippi	819	1,034	981	894	939	835	752	654	-13
Arkansas	918	1,056	1,096	972	933	849	705	634	-10
Louisiana	1,256	1,454	1,414	1,351	1,351	1,256	1,005	734	-27
Southern Plains									
Oklahoma	614	681	725	699	699	566	481	428	-11
Texas	436	468	539	544	593	652	541	482	-11
Mountain States									
Montana	235	251	271	259	264	222	204	167	-18
Idaho	698	774	839	814	814	749	644	567	-12
Wyoming	161	180	193	193	197	177	154	151	-2
Colorado	387	434	451	454	468	435	357	364	2
New Mexico	185	192	195	178	182	163	134	122	-9
Arizona	267	287	302	289	295	265	231	242	5
Utah	530	567	589	560	571	514	478	454	-5
Nevada	248	262	268	249	254	229	199	211	6
Pacific States									
Washington	736	877	922	933	961	923	812	723	-11
Oregon	587	668	705	705	698	579	521	479	-8
California	1,424	1,732	1,900	1,918	1,918	1,726	1,571	1,366	-13
48 States	737	819	823	788	782	679	595	548	-8
Alaska							1,902	1,437	-24

Table 2--Total value of land and buildings, by State,
grouped by farm production region, 1981-1987

State	Feb. 1 1981	Apr. 1 1982	Apr. 1 1983	Apr. 1 1984	Apr. 1 1985	Feb. 1 1986	Feb. 1 1987
Million dollars							
Northeast							
Maine	1,027	1,074	1,104	1,170	1,301	1,509	1,645
New Hampshire	588	613	634	678	766	856	933
Vermont	1,393	1,385	1,431	1,517	1,627	1,888	2,057
Massachusetts	1,226	1,293	1,315	1,415	1,613	1,871	2,039
Rhode Island	212	205	207	214	243	282	308
Connecticut	1,258	1,279	1,328	1,351	1,540	1,675	1,825
New York	7,498	7,800	7,762	7,910	7,353	7,170	8,102
New Jersey	3,131	3,245	3,140	3,137	3,314	3,600	4,896
Pennsylvania	13,955	13,314	13,224	14,282	13,137	12,322	14,663
Delaware	1,253	1,179	1,89	1,231	1,067	1,124	1,136
Maryland	7,084	6,534	5,727	5,899	5,452	4,718	4,577
Lake States							
Michigan	14,695	14,569	13,942	13,942	11,993	10,580	9,416
Wisconsin	21,427	21,164	20,257	18,832	14,992	12,522	11,019
Minnesota	38,942	38,669	35,416	32,937	25,019	18,271	14,799
Corn Belt							
Ohio	29,479	26,064	23,914	22,813	17,791	16,012	14,891
Indiana	34,121	30,307	26,726	26,140	20,648	17,132	15,077
Illinois	63,014	58,060	52,722	51,667	37,712	32,809	29,856
Iowa	67,366	63,659	56,751	50,358	35,750	28,243	25,136
Missouri	30,987	29,484	26,707	26,536	20,297	18,613	16,938
Northern Plains							
North Dakota	18,007	18,655	17,999	17,999	14,724	12,894	11,475
South Dakota	14,706	15,530	15,486	15,021	11,125	9,568	7,941
Nebraska	34,773	34,675	33,227	29,117	20,957	17,185	15,810
Kansas	29,898	30,332	29,028	27,983	22,368	18,527	16,304
Appalachian							
Virginia	10,956	10,740	11,025	10,803	10,474	10,997	10,667
West Virginia	3,064	3,108	2,752	2,536	1,994	1,935	1,896
North Carolina	15,276	14,397	14,454	15,177	13,414	12,206	11,840
Kentucky	15,082	15,341	15,211	14,602	13,137	12,612	11,476
Tennessee	14,445	15,936	13,588	13,995	13,159	12,894	13,152
Southeast							
South Carolina	6,123	5,880	5,487	5,192	4,945	4,796	4,365
Georgia	14,080	12,964	12,727	12,291	11,678	10,683	11,003
Florida	20,658	19,886	20,488	20,898	19,851	18,660	19,033
Alabama	10,829	10,443	9,582	9,309	8,844	8,374	8,039
Delta States							
Mississippi	15,096	14,224	12,784	13,330	11,774	10,521	9,153
Arkansas	17,213	17,755	15,746	15,023	13,584	11,063	9,957
Louisiana	14,685	14,423	13,645	13,645	12,686	10,048	7,335
Southern Plains							
Oklahoma	23,154	24,288	23,417	23,067	18,678	15,876	14,130
Texas	64,397	73,951	74,528	81,117	88,346	72,515	64,539
Mountain States							
Montana	15,487	16,666	15,877	16,141	13,542	12,459	10,216
Idaho	11,610	12,501	12,129	11,966	10,861	9,018	7,936
Wyoming	6,300	6,755	6,755	6,851	6,160	5,359	5,252
Colorado	15,407	15,875	15,799	16,180	14,964	12,199	12,443
New Mexico	8,986	8,970	8,188	8,315	7,335	5,961	5,425
Arizona	10,849	11,325	10,838	11,054	9,938	8,646	9,078
Utah	6,917	7,127	6,720	6,740	5,962	5,449	5,177
Nevada	2,332	2,385	2,216	2,235	2,015	1,753	1,858
Pacific States							
Washington	14,382	15,121	15,208	15,472	14,860	12,996	11,566
Oregon	12,091	12,690	12,690	12,563	10,422	9,328	8,581
California	58,195	63,460	63,678	63,294	56,785	51,518	44,820
48 States	843,657	843,304	804,765	793,946	686,194	597,235	549,781

Table 3--Farms rented for cash: Gross cash rent per acre and ratio of rent to value, selected States, 1984-87

State	1984	1985	1986	1987	1984	1985	1986	1987
	Dollars				Percent			
Northeast								
New Jersey	54.60	41.68	44.63	58.22	1.4	1.3	1.1	0.8
Pennsylvania	38.82	35.83	34.75	39.30	2.5	2.3	2.4	2.5
Delaware	66.22	63.26	64.02	59.51	3.8	3.6	3.6	3.1
Maryland	57.15	57.51	52.46	49.05	3.0	2.4	3.2	2.5
Lake States								
Michigan	47.72	46.05	43.87	41.51	4.5	5.1	5.5	6.1
Wisconsin	56.14	53.24	43.69	42.44	5.3	6.5	6.7	6.8
Minnesota	64.15	60.04	52.85	48.24	6.3	7.6	9.0	9.1
Corn Belt								
Ohio	71.78	72.18	65.88	58.44	4.9	6.1	6.5	6.0
Indiana	93.60	92.70	83.06	74.26	6.1	7.1	7.7	7.4
Illinois	119.95	103.78	100.07	86.08	5.9	7.1	7.8	7.6
Iowa	109.17	98.40	82.98	75.70	6.6	8.5	9.0	9.3
Missouri	52.53	46.62	42.08	38.56	6.9	8.0	8.2	7.4
Northern Plains								
North Dakota	27.36	25.68	26.89	23.37	6.5	7.4	8.1	7.7
South Dakota	21.66	20.35	20.90	18.40	6.9	8.4	8.4	10.2
Appalachian								
Virginia	33.33	29.42	30.23	30.52	3.5	2.8	3.1	2.6
North Carolina	39.57	45.82	35.63	29.62	3.1	3.7	3.4	2.6
Kentucky	47.11	42.04	45.96	43.22	4.6	4.7	5.5	6.2
Tennessee	44.21	35.41	41.15	34.87	5.1	4.1	5.4	4.2
Southeast								
South Carolina	26.33	24.74	22.10	19.76	2.9	3.2	2.8	2.8
Georgia	28.90	28.32	25.43	24.99	3.7	4.5	3.9	3.2
Alabama	24.32	27.06	24.65	23.76	4.1	4.3	3.7	3.8
Delta States								
Mississippi	35.34	37.23	28.48	24.71	4.3	4.9	4.5	4.2
Arkansas	35.82	--	39.68	34.27	4.5	--	5.8	5.8

Table 4--Cropland rented for cash: Gross cash rent per acre
and ratio of rent to value, selected States, 1984-87

State	Rent per acre				Ratio of rent to value			
	1984	1985	1986	1987	1984	1985	1986	1987
	Dollars				Percent			
Northeast								
Vermont	31.32	28.25	26.01	31.30	3.8	4.1	3.0	3.2
New York	35.79	34.78	30.81	31.98	5.4	5.0	5.1	4.2
New Jersey	48.43	43.18	45.96	48.00	1.2	1.1	0.9	0.5
Pennsylvania	38.01	42.98	37.18	40.01	2.1	2.5	2.7	2.5
Delaware	66.90	66.77	64.48	61.42	3.8	3.8	3.7	3.0
Maryland	58.33	63.62	54.46	50.81	2.8	2.7	3.3	2.7
Lake States								
Michigan	54.14	51.09	47.73	41.87	3.7	5.5	5.8	5.9
Wisconsin	58.26	53.08	48.83	44.83	5.8	6.3	7.0	7.3
Minnesota	68.43	62.19	53.85	47.78	6.5	7.8	8.7	9.0
Corn Belt								
Ohio	79.96	72.64	70.32	63.22	5.2	5.4	6.5	5.6
Indiana	103.13	95.70	85.55	77.00	6.0	7.3	7.5	7.5
Illinois	119.30	110.07	99.92	85.69	5.8	7.2	7.7	7.6
Iowa	117.30	102.65	87.61	80.29	6.8	8.4	9.3	9.8
Missouri	67.05	56.54	54.42	48.31	7.3	8.5	9.0	9.1
Northern Plains								
North Dakota	32.42	31.74	29.69	28.24	6.7	7.6	8.1	8.4
South Dakota	30.77	29.35	26.44	25.48	7.0	8.3	9.2	10.0
Nebraska (Nonirrigated)	56.87	47.10	46.72	42.26	8.0	8.6	10.4	10.3
(Irrigated)	113.80	92.53	86.29	81.21	8.4	9.6	10.6	11.6
Kansas (Nonirrigated)	34.10	32.38	30.34	28.60	5.9	7.2	8.0	7.8
(Irrigated)	63.52	61.50	58.40	59.67	7.2	8.7	9.8	10.4
Appalachian								
Virginia	36.75	37.63	--	37.66	3.5	3.0	--	3.2
North Carolina	43.56	41.44	39.50	33.66	3.1	2.0	3.5	2.8
Kentucky	55.80	50.67	53.63	53.31	4.8	5.2	6.0	6.8
Tennessee	50.66	45.76	47.35	39.90	5.1	4.8	5.8	4.8
Southeast								
South Carolina	27.93	27.00	25.46	22.40	3.0	3.5	2.9	3.2
Georgia	32.68	30.32	27.84	26.17	3.9	4.3	3.2	3.9
Alabama	30.45	29.49	29.66	28.52	4.4	4.7	4.3	4.4
Delta States								
Mississippi	43.75	40.96	34.95	31.19	4.9	5.2	5.1	5.0
Arkansas	49.50	50.97	48.21	44.43	5.5	6.4	6.5	6.5
Southern Plains								
Oklahoma (Nonirrigated)	27.76	28.52	26.52	22.96	3.5	4.2	4.7	4.8
(Irrigated)	51.42	39.60	--	37.17	4.7	5.0	--	8.3
Texas (Nonirrigated)	22.62	21.32	20.22	19.90	2.5	1.9	2.2	2.3
(Irrigated)	50.73	43.61	39.64	40.63	5.0	4.6	5.1	5.4

Table 5--Pasture rented for cash: Gross cash rent per acre and ratio of rent to value, selected States, 1984-87

State	Rent per acre				Ratio of rent to value			
	1984	1985	1986	1987	1984	1985	1986	1987
	Dollars				Percent			
Northeast								
Vermont	14.08	16.96	--	14.43	2.8	3.8	--	2.7
Pennsylvania	15.97	19.67	17.96	18.61	1.4	2.2	2.2	1.9
Lake States								
Wisconsin	25.73	23.20	21.98	20.22	5.5	5.9	6.7	7.2
Minnesota	23.42	19.13	15.99	14.51	5.9	5.4	6.4	7.0
Corn Belt								
Ohio	22.50	25.87	24.87	25.14	2.9	4.2	4.9	5.3
Indiana	34.43	36.52	35.60	35.67	3.8	5.5	5.8	6.4
Illinois	39.25	34.26	31.91	27.73	4.8	5.8	6.2	6.1
Iowa	40.95	35.95	29.19	28.08	6.0	7.6	7.7	8.5
Missouri	22.23	18.89	22.05	19.40	3.8	4.9	6.2	5.4
Northern Plains								
North Dakota	9.86	9.00	7.78	7.83	5.1	5.6	5.8	6.7
South Dakota	8.83	8.11	7.34	6.26	5.5	7.3	7.5	8.7
Nebraska	13.05	12.38	8.87	9.83	6.1	8.5	7.6	9.4
Kansas	13.60	13.08	13.22	10.81	3.8	4.5	5.9	5.5
Appalachian								
Virginia	24.26	22.28	20.02	22.81	3.1	2.5	2.7	2.8
North Carolina	24.96	21.40	20.64	19.18	1.9	2.0	1.9	1.7
Kentucky	27.91	27.75	24.83	24.31	3.3	3.8	4.2	4.4
Tennessee	21.01	23.25	23.65	21.64	4.4	3.9	4.2	3.0
Southeast								
South Carolina	19.18	16.96	16.11	15.64	2.7	2.7	2.4	2.3
Georgia	21.00	21.03	19.38	19.24	2.9	3.2	3.2	2.9
Alabama	16.43	16.61	17.12	17.08	2.8	3.7	3.3	3.5
Delta States								
Mississippi	17.85	19.12	14.02	12.77	3.0	3.2	2.7	2.4
Arkansas	17.93	--	17.64	14.06	2.9	--	3.4	3.1
Southern Plains								
Oklahoma	10.07	11.98	12.93	10.21	1.9	2.6	3.4	3.0
Texas	8.05	8.26	7.78	7.74	1.2	0.9	1.0	1.0

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